

NEIGHBORHOOD ASSISTANCE PROGRAM (NAP) TAX CREDIT 2023-24 APPLICATION WEBINAR

APRIL 4, 2023
2:30 PM

Quinn Kissane – IDA and NAP Program Manager
NAP@ihcda.in.gov

<https://form.jotform.com/230854052088153>

Application open April 3rd–May 1st

AGENDA

NAP Summary

Application Overview

Updates/Reminders

Questions?

NEIGHBORHOOD ASSISTANCE PROGRAM SUMMARY

The Neighborhood Assistance Program (NAP) is a program of the State of Indiana that provides \$2.5 million tax credits annually to non-profit organizations for distribution as a fundraising tool for neighborhood projects.

NAP is created by Indiana Code 6-3.1-9.

NAP credits are worth 50% of the value of a donation/contribution. This means that a \$200 donation nets a \$100 tax credit.

NAP is administered by the Indiana Housing and Community Development Authority (IHCDA).

Donations are reported to the Indiana Department of Revenue (IDOR), and credits are applied to the donor's state tax liability.

2023-24 NAP PROGRAM CYCLE

1. Apply, get approved, and sign award agreement with IHCD by program year start date on July 1, 2023.
2. Distribute at least 60% of awarded credits by December 31, 2023.
3. Report on first half donations (received July 1, 2023–December 31, 2023) by January 16, 2024.
 - a. IHCD will use this report along with the previous round's second donor report to send information to IDOR.
 - b. IDOR will use donor report information to honor 2023 tax credits submitted by donors.
4. Distribute remaining credits by March 31, 2024.
5. Report on remaining donations (received on or after January 1, 2024) by April 15, 2024.
6. Use funds to complete project or provide service outlined in application.
7. Report on use of funds by September 23, 2024.

TAX CREDIT BASICS

What is the difference between a Tax Credit, and a Tax Deduction?

A **tax deduction** reduces a taxpayer's taxable income.

A **tax credit** counts as if it were taxes already paid and reduces the taxpayer's total tax liability.

Example:

Taxpayer income: \$40,000

Tax rate: 25%

Tax Liability: $(40,000 \times .25) = \$10,000$

- A \$1,000 tax **deduction** would reduce the taxpayer's taxable income to \$39,000.

$$40,000 - 1,000 = 39,000$$

$$39,000 \times .25 = \underline{\$9,750}$$

- A \$1,000 tax **credit** would reduce the taxpayer's tax liability to \$9,000.

$$40,000 \times .25 = 10,000$$

$$10,000 - 1,000 = \underline{\$9,000}$$

2023-24 NAP APPLICATION TIMELINE

- Release Date: April 3
- Webinar: April 4
- **Due Date: May 1 at 5 PM Eastern Time**
- Awards Announced by: June 22
- Contracts Issued by: June 26
- Signed Contracts Due: July 1
- First Day to Distribute Credits: July 1

Questions?

NAP APPLICATION – ELIGIBILITY

Organization Information

- Name, address, staff contacts, etc.
- Strongly suggest using “**Agency Email**” instead of personal email or providing a secondary contact, so that more than one person can have access to database reporting

Organization Eligibility

- EIN and prior IHCDCA grant information
 - Prior grant information is necessary for our reporting system, not for eligibility determination
- Confirmation of IRS 501(c)3 designation – **document upload**
- Confirmation of Non-profit Domestic Corporation in Indiana
- Confirmation of good standing with Indiana Secretary of State – **document upload**

NAP APPLICATION – ELIGIBLE SERVICES

BASED ON INDIANA CODE 6-3.1-9

1. Eligible services provided in a **designated economically disadvantaged areas** (Enterprise Zone, Opportunity Zone, Qualified Census Tract, or any other federal/local designated economically disadvantaged area in Indiana – subject to IHCDA approval):

- **Neighborhood Assistance**
 - financial assistance, labor, material, and technical advice to aid in physical or economic improvement of area
- **Counseling and Advice**
- **Emergency Assistance**
- **Medical Care**
- Development/Management of **Recreational Facilities**
- Development/Management of **Housing Facilities**
- **Economic Development Assistance**

NAP APPLICATION – ELIGIBLE SERVICES

2. Eligible services provided to **individuals living in designated economically disadvantaged areas:**

- **Job Training (A)** that provides individuals in designated areas with vocational skills so that they can become employable or have the ability to seek a higher grade of employment.
- **Education:** Any type of scholastic instruction or scholarship assistance that enables the individual to prepare for better life opportunities.
 - Specify whether instructional program costs or scholarships
- **Crime Prevention or Reduction Activities (A)** for individuals living in economically disadvantaged areas.

NAP APPLICATION – ELIGIBLE SERVICES

3. Eligible services provided to **economically disadvantaged households**:

- **Job Training (B)** that provides individuals in designated households with vocational skills so that they can become employable or have the ability to seek a higher grade of employment.
- **Crime Prevention or Reduction Activities (B)** for economically disadvantaged households.

NAP APPLICATION – ELIGIBLE SERVICES

4. Other Eligible Services:

4a. Eligible services provided specifically for **individuals who are ex-offenders who have completed their criminal sentences or are serving a term of probation or parole:**

- **Job Training** that provides ex-offenders with vocational skills so that they can become employable or have the ability to seek a higher grade of employment.
- **Education:** Scholastic instruction or scholarship assistance that enables ex-offenders to prepare for better life opportunities.
- **Counseling and Advice**
- **Emergency Assistance**
- **Medical Care**
- Development/Management of **Recreational Facilities**
- Development/Management of **Housing Facilities**

NAP APPLICATION – ELIGIBLE SERVICES

4. Other Eligible Services (continued):

4b. Eligible services not tied to a specific area or population:

- **Neighborhood assistance (B)** in the form of technical advice to promote higher employment in any neighborhood in Indiana.

NAP APPLICATION – DESIGNATED AREAS

What is an “**economically disadvantaged area?**”

- IC 6-3.1-9-1 (e): enterprise zone, or any other **federally or locally designated** economically disadvantaged area in Indiana. The certification shall be **made on the basis of current indices of social and economic conditions**, which shall include but not be limited to the median per capita income of the area in relation to the median per capita income of the state or standard metropolitan statistical area in which the area is located.

IHCDA recognizes CURRENT enterprise zones, opportunity zones, and qualified census tracts – **other types can be accepted but need prior approval**. For more information on EZs, OZs, and QCTs, please refer to the following:

- [Urban Enterprise Zones](#)
- [Opportunity Zones](#)
- [Qualified Census Tracts](#)

NAP APPLICATION – DESIGNATED AREAS

If seeking approval for another type of area, you must email NAP@ihcda.in.gov the following information:

- The name/type of area
- Who/what authority made the designation
- If possible, when the designation was made and the data it was based on

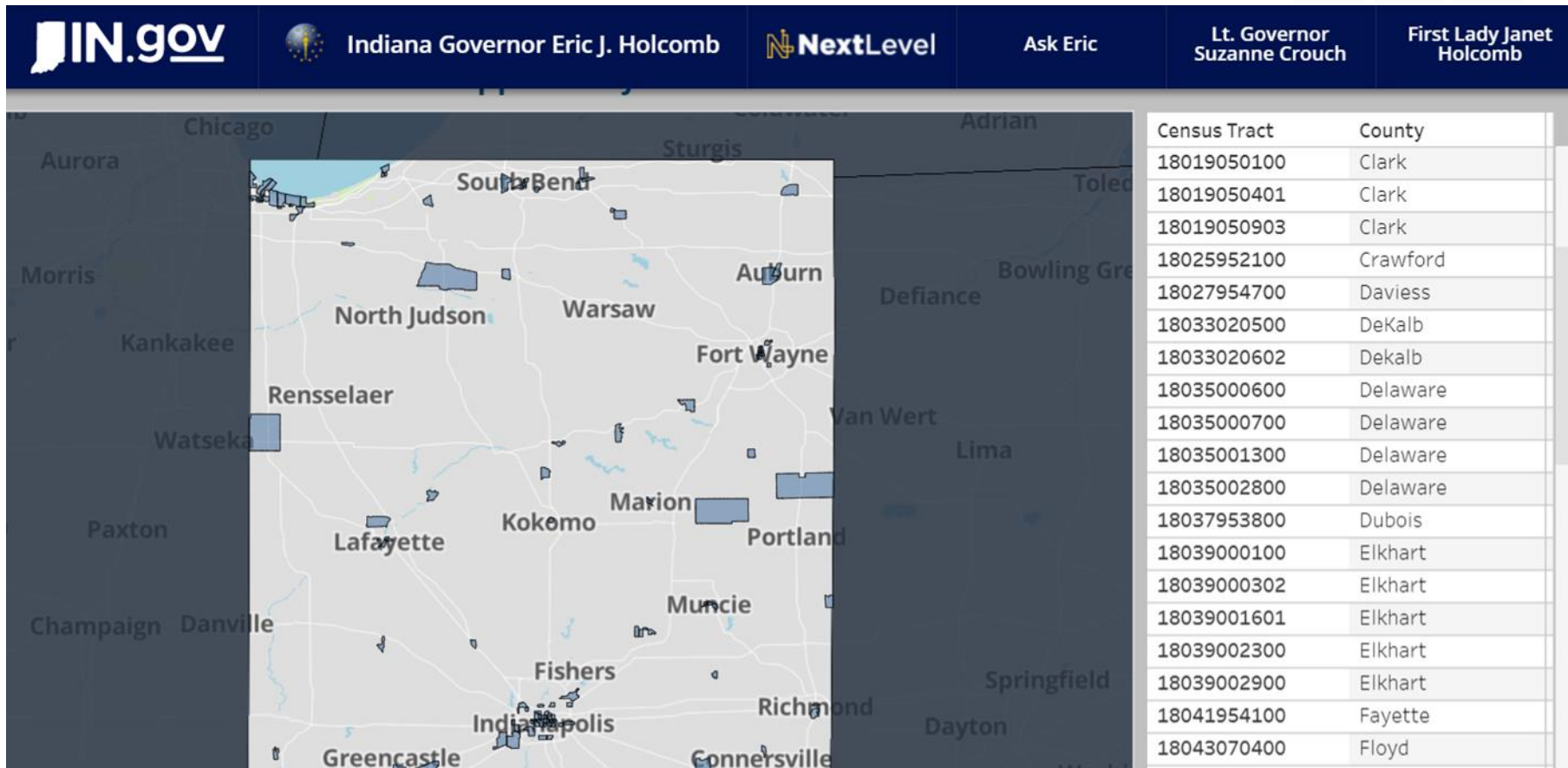
For the question that asks you to identify your specific area, you **can only identify up to five areas**:

- IHCD A is no longer accepting, “We serve the entire NW Indiana region, which includes the following 20 designated economically disadvantaged areas:...”
- You must commit to spending raised funds in specific economically disadvantaged areas only.
- For questions, email NAP@ihcda.in.gov.

NAP APPLICATION – DESIGNATED AREAS

Opportunity Zones Examples:

- Opportunity Zone Census Tract 18034000600
- OZ CT 18039000100 Elkhart



NAP APPLICATION – DESIGNATED AREAS

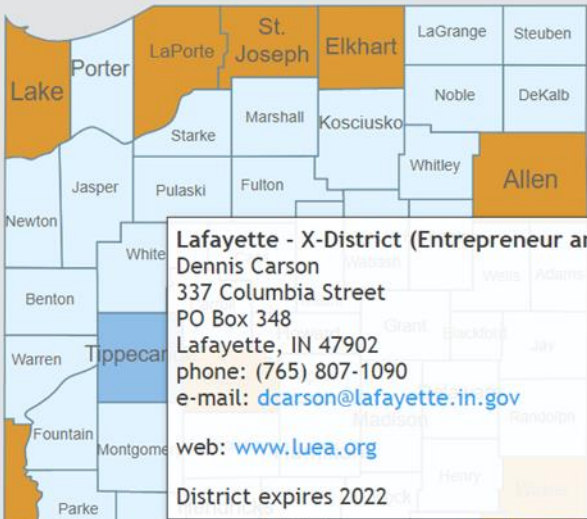
Enterprise Zone Examples:

- LaPorte UAE
- Vermillion Rise Mega Park Enterprise Zone

No longer appears to have a central map of all Enterprise Zones – will need to look on individual zone websites for maps

Start with Association of
Indiana Enterprise Zones:
<https://www.aiez.org/#mem>

Member Directory
Highlight a County for Contact Info



Lafayette - X-District (Entrepreneur and Enterprise District)
Dennis Carson
337 Columbia Street
PO Box 348
Lafayette, IN 47902
phone: (765) 807-1090
e-mail: dcarson@lafayette.in.gov
web: www.luea.org
District expires 2022

NAP APPLICATION – DESIGNATED AREAS

Qualified Census Tract example: QCT 18003004400

Search state and county, make sure to use 2023 QCTs, then double-click where your service is located.

Enter an Address, city, state or tract Go

Map Options : [Clear](#) | [Reset](#) | [Full Screen](#)

QCT Legend: — Tract Outline ■ LIHTC Project ■ 2021 Qualified Census Tracts

SADDA Legend: — FMR Boundary — ZCTA Boundary ■ 2021 Small DDA ■ Part DDA

[Click here for the overview](#)

Map Options
13 Current Zoom Level
☐ Show Difficult Development Areas (Zoom 7+)
☒ Color QCT Qualified Tracts (Zoom 7+)
☒ Show Tracts Outline (Zoom 11+)
☐ Show FMR Outlines (Zoom 4+)
☐ Show LIHTC Projects (Zoom 11+)

[Click here for full screen map](#)

Select Year
☒ 2021
☐ 2020

Map **Satellite**

QCT for 2021

Tract	44.00
County	Allen County
State	IN
Status (2021)	Qualified
Full Tract Number	18003004400

Questions?

NAP APPLICATION – DESIGNATED HOUSEHOLDS

What is an “**economically disadvantaged household?**”

- IC 6-3.1-9-1 (f): means a household with an **annual income that is at or below eighty percent (80%) of the area median income** or any **other federally designated target population (125% FPG)**.
- Other types of federally-approved income qualifications can be accepted, but will need to be identified in the application

Describe how your organization checks for income.

NAP APPLICATION – PROJECT DESCRIPTION

Describe your NAP project/program/service:

- Refer to Program Manual Section 400 for directions on what to include in the description!!!
- Example Service: Housing Facilities
- Example Prompt: In your application's project description, explain the activities NAP funds will be used for and how you will support housing facilities.
- Tip: Use the same phrasing from the service type and prompt. Example: "Our NAP-funded program supports housing facilities in our service area by [activity description]..."

NAP APPLICATION – PROJECT DESCRIPTION

Description must be explicitly tied to the NAP-eligible service you selected. See manual for more information.

- Ex: if your project is to fund swim lessons in your facility's pool, don't label the program "Education," as "Recreational Facility" would be more appropriate.

For services that must be provided in a **specific area**, describe how you will provide services in that area.

- Are services provided from your office in that area?
- Do you provide services at a partner agency in that area?

NAP APPLICATION – CREDIT REQUEST

Credit request based on past two years (2021 and 2022):

- Up to \$15,000 if your agency has received NAP credits in last two years and met relevant program reporting requirements
- Up to \$5,000 if your agency is new to NAP or missed reporting requirements in past two years

Notes on credits:

- Credits are what IHCDa awards you, outlined in award agreement.
- Funds/donations are the money you raise when you distribute credits to donors.
- IHCDa will ask about both:
 - How many credits did you distribute?
 - How much funding did you raise and spend on your project?

NAP APPLICATION

Recognition of Reporting Requirements

- Must hit benchmarks and submit Benchmark Reports (60% and 100%) on time in order to keep full eligibility for 2024 credits
- Must submit Closeout Report on time in order to keep eligibility for 2024 credits

Confirmation of all information within application and that funds will not be used for religious purposes

Submitting your application:

- MUST hit “Submit”
- Should receive email confirmation – if not, email nap@ihcda.in.gov
- Link in confirmation email allows you to make corrections to application

Questions?

AWARD PROCESS

The formula below is used to determine the value of an applicant's NAP award. Elements such as the total available credits and the requested credit amount by approved applicants are taken into account.

This means that the amount of credits you receive is based on the total amount that has been requested, rather than IHCD's discretion.

$\left(\frac{\text{Total Available Credits}}{\text{Total Requested Credits}} \right)$	=	Allocation Percentage	X	Applicant Requested Credits	=	Award Amount
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2023-2024 PROGRAM TIMELINE

Application Closes	May 1, 2023
Awards Announced	June 21, 2023
Agreements Issued by	June 26, 2023
Agreements Returned/Start Distributing Credits	July 1, 2023
60% Benchmark (60% sold)	December 31, 2023
Mid-Year Donor Report Due – 60% Benchmark/first half	January 16, 2024
100% Benchmark (100% sold)	March 31, 2024
End of Year Donor Report Due -100% Benchmark/second half	April 15, 2024
Close-Out Report Due	September 23, 2024

UPDATES/REMINDERS

- **Application Update:**

- Question 18 regarding proposed eligible services updated to more closely match 2022 program manual updates, which split eligible services into separate sections based on area/population/other (refer to manual for information on what to include in the application description).

- **Use of Funds/Success Stories** (more to come at post-award webinar):

- Closeout Report to include updated questions on use of funds for applied purpose/program impact on target population/area.
- Submit your success stories! We want to uplift/highlight ways your programs have impacted communities using NAP funds.

- **Reminders from 2022:**

- Maximum amount a returning organization can apply for lowered to \$15,000.
- If a reporting requirement is missed, organization can still apply next round, but only as a new organization.
- “New Organization” definition based on two years (2021 and 2022).

CONTACTING IHCDA

If you have a **program question**, first review your agreement and the documents provided on IHCDA's website:

<https://www.in.gov/ihcda/program-partners/neighborhood-assistance-program-nap/>

- NAP Manual, NAP FAQ, NAP Reporting Instructions
- Links to Benchmark reports and Closeout reports to be posted by May 1st
- NAP Donor Contribution Form
- Archived NAP documents from previous years

If you cannot find your answer in those resources or have further questions please email us at nap@ihcda.in.gov.

- Include your organization, your contract/agreement/award number (2022-NP-xxx), and the exact report if it's a reporting-related question

Email nap@ihcda.in.gov about issues with IHCDOnline

- Most common issues include an organization failing to register in the system, or an individual is using someone else's log-in, which is **NOT ALLOWED**

Thank you for participating in this webinar. It is recorded and will be added to IHCDA's NAP website.

**If you have any unanswered questions, please contact us at
NAP@ihcda.in.gov.**